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13 SAMSUNG SDI AMERICA, INC.,
14 SAMSUNG SDI (MALAYSIA) SDN. BHD.,
15 SAMSUNG SDI MEXICO S.A. DE C.V.,
16 SAMSUNG SDI BRASIL LTDA.,
17 SHENZHEN SAMSUNG SDI CO., LTD. and
18 TIANJIN SAMSUNG SDI CO., LTD.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

20 | IN RE: CATHODE RAY TUBE (CRT)
ANTITRUST LITIGATION

Case No. 07-5944 SC

MDL No. 1917

22 | This Document Relates to:

23 *Alfred H. Siegel, as Trustee of the Circuit City
24 Stores, Inc. Liquidating Trust v. Hitachi, Ltd.,
et al.*, No. 11-cv-05502;

25 *CompuCom Systems, Inc. v. Hitachi, Ltd., et al.* No. 11-cv-06396.

26 *Costco Wholesale Corporation v. Hitachi,*
27 *Ltd., et al., No. 11-cv-06397:*

**DECLARATION OF JAMES L.
MCGINNIS IN SUPPORT OF SDI
DEFENDANTS' MOTION FOR PARTIAL
SUMMARY JUDGMENT FOR LACK OF
STANDING AS TO DIRECT ACTION
PLAINTIFFS' SHERMAN ACT DAMAGE
CLAIMS BASED ON CRT PRODUCT
PURCHASES FROM SAMSUNG
ELECTRONICS**

28 | (CONTINUED ON NEXT PAGE)

1 *Dell Inc. and Dell Products L.P., v. Hitachi, Ltd., et al, No. 13-cv-02171;*
2
3 *Electrograph Systems, Inc. and Electrograph Technologies Corp., v. Hitachi, Ltd., et al., No. 11-cv-01656;*
4
5 *Interbond Corporation of America v. Hitachi, Ltd., et al., No. 11-cv-06275;*
6
7 *Office Depot, Inc. v. Hitachi Ltd., et al., No. 11-cv-06276;*
8
9 *P.C. Richard & Son Long Island Corp., Marta Coooperative of Am., Inc., ABC Appliance, Inc. v. Hitachi, Ltd., et al., No. 12-cv-02648;*
10
11 *Schultze Agency Services, LLC, on behalf of Tweeter Opco, LLC and Tweeter Newco, LLC v. Hitachi, Ltd., et al., No. 12-cv-02649;*
12
13 *Sears, Roebuck and Co. and Kmart Corp. v. Chunghwa Picture Tubes, Ltd., et al., No. 11-cv-05514;*
14
15 *Target Corp. v. Chunghwa Picture Tubes, Ltd., et al., No. 11-cv-05514;*
16
17 *Tech Data Corp and Tech Data Product Management, Inc., v. Hitachi, Ltd., et al., No. 13-cv-00157;*
18
19 *ViewSonic Corp. v. Chunghwa Picture Tubes, Ltd., et al., No. 14-02510..*

20 **REDACTED VERSION OF DOCUMENT FILED UNDER SEAL**
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1 I, James L. McGinnis, declare as follows:

2 1. I am a partner at the law firm of Sheppard Mullin Richter & Hampton LLP, counsel
3 of record for defendants Defendants Samsung SDI America, Inc.; Samsung SDI Co., Ltd.;
4 Samsung SDI (Malaysia) SDN. Bhd.; Samsung SDI Mexico S.A. De C.V.; Samsung SDI Brasil
5 Ltda.; Shenzhen Samsung SDI Co., Ltd.; and Tianjin Samsung SDI Co., Ltd. (collectively, "SDI").
6 I submit this declaration in support of the SDI Defendants' Notice of Motion and Motion for
7 Partial Summary Judgment for Lack of Standing as to Direct Action Plaintiffs' Sherman Act
8 Damage Claims Based on CRT Product Purchases from Samsung Electronics. I have personal
9 knowledge of the facts herein set forth and, if called as a witness, I could and would competently
10 testify thereto.

11 2. Attached hereto as Exhibit 1 is a true and correct copy of the April 15, 2014 expert
12 report of Dr. Stephan Haggard, the direct-action plaintiffs' expert witness.

13 3. Attached hereto as Exhibit 2 is a true and correct copy of excerpts from the
14 transcript of the July 10, 2014 deposition of Dr. Stephan Haggard.

15 4. Attached hereto as Exhibit 3 is a true and correct copy of excerpts from the
16 transcript of the June 7, 2012 deposition of Jae In Lee, who was designated as a Fed. R. Civ. P.
17 30(b)(6) witness for SDI.

18 5. Attached hereto as Exhibit 4 is a true and correct copy of excerpts from the April
19 15, 2014 expert report of Dr. Janet Netz for the indirect-purchaser plaintiffs.

20 6. Attached hereto as Exhibit 5 is a true and correct copy of excerpts from the June
21 30, 2014 supplemental expert report of Dr. Alan Frankel for direct-action plaintiffs P.C. Richard
22 & Son Long Island Corporation, ABC Appliance, Inc., and Marta Cooperative of America, Inc.

23 7. Attached hereto as Exhibit 6 is a true and correct copy of excerpts from the April
24 15, 2014 expert report of Dr. Mohan Rao for direct-action plaintiffs Dell, Inc. and Dell Products
25 L.P.

26 8. Attached hereto as Exhibit 7 is a true and correct copy of excerpts from the June
27 30, 2014 supplemental expert report of Dr. Alan Frankel for direct-action plaintiff Interbond
28 Corporation of America, doing business as BrandsMart USA.

1 9. Attached hereto as Exhibit 8 is a true and correct copy of excerpts from the June
2 30, 2014 supplemental expert report of Dr. Alan Frankel for direct-action plaintiff Alfred H.
3 Siegel, as Trustee of the Circuit City Stores, Inc. Liquidating Trust.

4 10. Attached hereto as Exhibit 9 is a true and correct copy of excerpts from the June
5 30, 2014 supplemental expert report of Dr. Alan Frankel for direct-action plaintiff CompuCom
6 Systems, Inc.

7 11. Attached hereto as Exhibit 10 is a true and correct copy of excerpts from the June
8 30, 2014 supplemental expert report of Dr. Alan Frankel for direct-action plaintiff Costco
9 Wholesale Corporation.

10 12. Attached hereto as Exhibit 11 is a true and correct copy of excerpts from the June
11 30, 2014 supplemental expert report of Dr. Alan Frankel for direct-action plaintiffs Electrograph
12 Systems, Inc. and Electrograph Technologies Corporation.

13 13. Attached hereto as Exhibit 12 is a true and correct copy of excerpts from the April
14 15, 2014 expert report of Dr. Alan Frankel for direct-action plaintiff Office Depot, Inc.

15 14. Attached hereto as Exhibit 13 is a true and correct copy of excerpts from the
16 September 25, 2014 second supplemental report of Dr. Alan Frankel for direct-action plaintiffs
17 Sears, Roebuck and Co. and Kmart Corporation.

18 15. Attached hereto as Exhibit 14 is a true and correct copy of excerpts from the June
19 30, 2014 supplemental expert report of Dr. Alan Frankel for direct-action plaintiff Target
20 Corporation.

21 16. Attached hereto as Exhibit 15 is a true and correct copy of excerpts from the Apr.
22 15, 2014 expert report of Dr. Alan Frankel for direct-action plaintiffs Tech Data Corporation and
23 Tech Data Product Management Inc.

24 17. Attached hereto as Exhibit 16 is a true and correct copy of excerpts from the June
25 30, 2014 supplemental expert report of Dr. Alan Frankel for direct-action plaintiff Shultz Agency
26 Services, LLC on behalf of Tweeter Opco, LLC and Tweeter Newco, LLC.

27 18. Attached hereto as Exhibit 17 is a true and correct copy of excerpts from the June
28 6, 2014 expert report of Dr. Alan Frankel for direct-action plaintiff ViewSonic Corporation.

1 19. Attached hereto as Exhibit 18 is a true and correct copy of excerpts of Samsung
2 Electronics Co., Ltd.'s ("SEC") 2006 Annual Report, dated April 4, 2007, which was downloaded
3 from the U.S. Securities and Exchange Commission's EDGAR database, available at
4 <http://www.sec.gov/Archives/edgar/vprr/07/999999997-07-016335>, and last accessed on
5 November 3, 2014.

6 20. Attached hereto as Exhibit 19 is a true and correct copy of excerpts of SEC's 2007
7 Annual Report, which was downloaded from SEC's website, available at
8 <http://www.samsung.com/us/aboutsamsung/ir/financialinformation/annualreport/downloads/2007/>
9 SECAR2007_Eng_Final.pdf, and last accessed on November 3, 2014.

10 21. Attached hereto as Exhibit 20 is a true and correct copy of information relating to
11 SDI's Corporate Governance: Operation of the Board of Directors, which was downloaded from
12 SDI's website (English version), available at <http://www.samsungsdi.com/about-sdi/ir/corporate-governance/information-of-bod>, and last accessed on November 3, 2014.
13

14 22. Attached hereto as Exhibit 21 is a true and correct copy of excerpts of
15 Supplemental Attachment A to Certain Direct Action Plaintiffs' Responses to Various
16 Interrogatories, dated September 5, 2014.

17 23. Attached hereto as Exhibit 22 is a true and correct copy of Statements of Korea
18 Accounting Standards (“SKAS”) No. 15, which was downloaded from the Korea Accounting
19 Standards Board/Korea Accounting Institute’s website (English version), available at
20 <http://eng.kasb.or.kr/>, and last accessed on November 3, 2014.

22 I declare under penalty of perjury under the laws of the United States of America
23 that the foregoing is true and correct.

24 Executed this 7th day of November 2014 in San Francisco, California.

/s/ James L. McGinnis

James L. McGinnis

EXHIBIT 1

[SUBMITTED UNDER SEAL]

EXHIBIT 2

[SUBMITTED UNDER SEAL]

EXHIBIT 3

[SUBMITTED UNDER SEAL]

EXHIBIT 4

[SUBMITTED UNDER SEAL]

EXHIBIT 5

[SUBMITTED UNDER SEAL]

EXHIBIT 6

[SUBMITTED UNDER SEAL]

EXHIBIT 7

[SUBMITTED UNDER SEAL]

EXHIBIT 8

[SUBMITTED UNDER SEAL]

EXHIBIT 9

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EXHIBIT 14

[SUBMITTED UNDER SEAL]

EXHIBIT 15

[SUBMITTED UNDER SEAL]

EXHIBIT 16

[SUBMITTED UNDER SEAL]

EXHIBIT 17

[SUBMITTED UNDER SEAL]

EXHIBIT 18

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82- SUBMISSIONS FACING SHEETFollow-Up
Materials

MICROFICHE CONTROL LABEL

REGISTRANT'S NAME

Samsung Electronics Co

*CURRENT ADDRESS

**FORMER NAME

PROCESSED

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THOMSON
FINANCIAL

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FISCAL YEAR

12/31-06

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PRICE OF INTERNATIONAL
CORPORATE FINANCE

AKLS
12-21-06

Samsung Electronics Co., Ltd.

Non-Consolidated Financial Statements

December 31, 2006 and 2005

www.samil.com
Kukje Center Building
191 Hangangno 2-ga, Yongsan-gu
Seoul 140-702, KOREA
(Yongsan P.O. Box 266, 140-600)

Report of Independent Auditors

To the Board of Directors and Shareholders of
Samsung Electronics Co., Ltd.

We have audited the accompanying non-consolidated balance sheets of Samsung Electronics Co., Ltd. (the "Company") as of December 31, 2006 and 2005, and the related non-consolidated statements of income, appropriations of retained earnings and cash flows for the years then ended, expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Samsung Card Co., Ltd. and certain other investments accounted for using the equity method of accounting, which statements reflect 5% of the Company's total assets as of December 31, 2006 and 2005, and have contributed 5% and a negative 5% to the Company's net income before income tax for the years then ended, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for Samsung Card Co., Ltd. and certain other investments accounted for using the equity method of accounting, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

Samil PricewaterhouseCoopers

In our opinion, based on our audits and the reports of other auditors, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of Samsung Electronics Co., Ltd. as of December 31, 2006 and 2005, and the results of its operations, the changes in its retained earnings and its cash flows for the years then ended in conformity with accounting principles generally accepted in the Republic of Korea.

Without qualifying our opinion, we draw your attention to the following matters.

As discussed in Note 17 to the accompanying non-consolidated financial statements, the Company and 30 other Samsung Group affiliates (the "Affiliates") entered into an agreement with the institutional creditors (the "Creditors") of Samsung Motors Inc. ("SMI") in September 1999. In accordance with this agreement, the Company and the Affiliates agreed to sell 3,500,000 shares of Samsung Life Insurance Co., Ltd. (the "Shares"), which were previously transferred to the Creditors in connection with the petition for court receivership of SMI. The Shares were to be disposed of by December 31, 2000, and if the sales proceeds fell short of ₩2,450 billion (the "Shortfall"), the Company and the Affiliates agreed to compensate the Creditors for the Shortfall by other means, including participating in any equity offering or subordinated debentures issued by the Creditors. Any excess proceeds over ₩2,450 billion were to be distributed to the Company and the Affiliates. In the event of non-performance to this agreement, default interest on the Shortfall was agreed to be paid to the Creditors by the Company and the Affiliates.

As of the balance sheet date, the sale of the Shares has not been completed and on December 9, 2005, the Creditors filed a civil action against Mr. Kun-Hee Lee, the chairman of the Company, the Company and 27 of the remaining Affiliates, in connection with this agreement. The Creditors are claiming from Mr. Kun-Hee Lee, the Company and 27 of the Affiliates the agreed sales proceeds amount of ₩2,450 billion together with interest of 6% per annum from January 1, 2001, until the date the Company was served with court process and 20% per annum thereafter until settlement.

In addition, the Creditors are claiming from the Company and 27 of the Affiliates damages resulting from delays amounting to ₩2,287.9 billion (the "Damages"), the aggregate amount of monthly default interest calculated from January 1, 2001, at 19% per annum on ₩2,450 billion, with interest. Interest on the Damages has been calculated by applying 6% per annum on the monthly calculated Damages amount from the following month until the date the Company was served with court process and 20% per annum thereafter until settlement. Additional damage for delays, calculated at 19% per annum on ₩2,450 billion, is also being claimed by the Creditors from December 1, 2005, until settlement.

As of the balance sheet date, the outcome of this civil action is uncertain and accordingly, the ultimate effect of this matter on the financial position of the Company cannot presently be determined.

Samil PricewaterhouseCoopers

The amounts expressed in U.S. dollars, provided solely for the convenience of the reader, have been translated on the basis set forth in Note 3 to the accompanying non-consolidated financial statements.

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying non-consolidated financial statements are not intended to present the financial position, results of operations and cash flows in conformity with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of Korea. In addition, the procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying non-consolidated financial statements are for use by those who are informed about Korean accounting principles or auditing standards and their application in practice.

Samil PricewaterhouseCoopers



Seoul, Korea
January 30, 2007

This report is effective as of January 30, 2007, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying non-consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

1. The Company

Samsung Electronics Co., Ltd. (the "Company") was incorporated under the laws of the Republic of Korea to manufacture and sell semiconductors, LCD, telecommunication products, digital appliances and digital media products.

The Company's shares of stock are publicly traded and all issued and outstanding shares are listed on the Korea Stock Exchange.

As of December 31, 2006, the major shareholders of the Company, including preferred shareholders, and their respective shareholdings, are as follows:

Name of Shareholder	Number of Shares	Percentage of Ownership (%)
Citibank N.A.	16,022,453	9.42
Samsung Life Insurance Co., Ltd.	10,690,171	6.28
Samsung Corporation	5,917,362	3.48
Lee Kun-Hee and related parties	4,790,712	2.82
National Pension Corporation	4,760,900	2.80
NTC-GOV SPORE	2,617,085	1.54
Samsung Fire & Marine Insurance Co., Ltd.	1,856,370	1.09

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Company in the preparation of its non-consolidated financial statements are summarized below:

Basis of Financial Statement Presentation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language in conformity with accounting principles generally accepted in the Republic of Korea. The accompanying non-consolidated financial statements have been condensed, restructured and translated into English from the Korean language non-consolidated financial statements. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. Certain information attached to the Korean language non-consolidated financial statements, but not required for a fair presentation of the Company's financial position, results of operations or cash flows, is not presented in the accompanying non-consolidated financial statements.

Application of the Statements of Korean Financial Accounting Standards

The Korean Accounting Standards Board has published a series of Statements of Korean Financial Accounting Standards ("SKFAS"), which will gradually replace the existing financial accounting standards established by the Korean Financial and Supervisory Board. As SKFAS No. 18 through No. 20 became applicable to the Company on January 1, 2006, the Company adopted these statements in its financial statements as of and for the year ended December 31, 2006.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect amounts reported therein. Although these estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future, actual results may differ from these estimates.

Cash, Cash Equivalents and Short-Term Financial Instruments

Cash and cash equivalents include cash on hand and in bank accounts, with original maturities of three months or less. Investments which are readily convertible into cash within four to 12 months of purchase are classified in the balance sheet as short-term financial instruments. The cost of these investments approximates fair value.

Marketable Securities

Investments in equity securities or debt securities are classified into trading securities, available-for-sale securities and held-to-maturity securities, depending on the acquisition and holding purpose. Trading securities are classified as current assets while available-for-sale securities and held-to-maturity securities are classified as long-term investments, except those securities that mature or are certain to be disposed of within one year, which are classified as current assets.

Cost is measured at the market value upon acquisition, including incidental costs, and is determined using the average cost method.

Available-for-sale securities are stated at fair value, while non-marketable equity securities are stated at cost. Unrealized holding gains and losses on available-for-sale securities are reported in a separate component of shareholders' equity under capital adjustments, which are to be included in current operations upon the disposal or impairment of the securities. In the case of available-for-sale debt securities, the difference between the acquisition cost after amortization using the effective interest rate method and the fair value is reported in equity as a capital adjustment.

Impairment resulting from the decline in realizable value below the acquisition cost, net of amortization, is included in current operations.

Equity-Method Investments

Investments in business entities in which the Company has control or the ability to exercise significant influence over the operating and financial policies are accounted for using the equity method of accounting.

Under the equity method, the original investment is recorded at cost and adjusted by the Company's share in the net book value of the investee with a corresponding charge to current operations, a separate component of shareholders' equity, or retained earnings, depending on the nature of the underlying change in the net book value. All significant unrealized profits arising from intercompany transactions between the Company and its equity-method investee and subsidiaries are eliminated.

Differences between the investment amounts and corresponding capital amounts of the investees at the date of acquisition of the investment are recorded as part of investments and are amortized over five years using the straight-line method. However, differences which occur from additional investments made after the Company obtains control and the investment becomes a subsidiary are reported in a separate component of shareholders' equity, and are not included in the determination of the results of operations.

Assets and liabilities of the Company's foreign investees are translated at current exchange rates, while income and expense are translated at average rates for the period. Adjustments resulting from the translation process are reported in a separate component of shareholders' equity, and are not included in the determination of the results of operations.

Certain equity-method investments are accounted for based on unaudited or unreviewed financial statements as the audited or reviewed financial statements of these entities are not available as of the date of this audit report.

Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts and notes receivable based on the aggregate estimated collectibility of the receivables.

Inventory Valuation

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the average cost method, except for materials-in-transit which are stated at actual cost as determined using the specific identification method. Losses on valuation of inventories and losses on inventory obsolescence are recorded as part of cost of sales.

10. Equity-Method Investments

Equity-method investments as of December 31, 2006, consist of the following:

(In millions of Korean won, number of shares and percentage)

	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Net Book Value	Recorded Book Value
Samsung SDI Co., Ltd.	9,282,753	19.68	₩ 423,722	₩ 925,819	₩ 920,389
Samsung Electro-Mechanics Co., Ltd.	17,693,084	22.80	359,237	407,018	394,899
Samsung Kwangju Electronics Co., Ltd.	38,515,579	94.25	192,676	575,431	575,712
Samsung Card Co., Ltd.	46,520,268	46.85	1,649,413	852,982	972,965
Samsung Techwin Co., Ltd.	19,604,254	25.46	211,726	216,657	216,118
STECO Co., Ltd.	2,447,992	51.00	12,240	31,225	30,941
SEMES Co., Ltd.	1,277,390	63.87	8,579	41,961	(9,615)
Seoul Commtch Co., Ltd.	3,933,320	35.76	9,172	47,171	46,120
Samsung Economic Research Institute	3,576,000	29.80	17,880	24,153	23,535
Samsung SDS Co., Ltd.	11,977,770	21.27	12,753	151,457	125,614
Samsung Networks Inc.	23,955,550	23.07	5,214	46,368	45,024
Samsung Corning Co., Ltd.	3,665,708	45.29	94,263	233,498	233,484
Samsung Lions Co., Ltd.	55,000	27.50	275	-	-
Secron Co., Ltd.	405,000	50.63	2,025	17,756	1,373
Samsung Electronics Service Co., Ltd.	5,999,998	83.33	30,000	45,360	41,786
MEMC Electronic Materials Korea, Inc.	3,440,000	20.00	17,200	37,639	37,639
Samsung Corning Precision Glass Co., Ltd.	7,406,991	42.47	179,993	922,347	894,801
Samsung Thales Co., Ltd.	13,500,000	50.00	135,000	116,121	116,075
Living Plaza Co., Ltd.	766,660	100.00	100,006	137,979	122,994
Bluetek Co., Ltd.	5,998,648	100.00	29,993	143,471	137,423
Samsung Electronics Logitech Co., Ltd.	1,010,800	100.00	5,058	33,508	33,810
S-LCD Corp.	310,000,001	50.00	1,550,000	1,486,462	1,459,395
Bokwang FUND I	75	50.00	7,500	7,428	7,422
SVIC FUND II	-	99.00	-	3,563	3,563
SVIC FUND III	42	99.00	4,158	2,884	2,884
SVIC FUND IV	985	65.67	98,500	98,077	98,077
SVIC FUND V	297	99.00	29,700	14,000	14,000
SVIC FUND VI	265	99.00	26,532	24,337	24,337
SVIC FUND VII	149	99.00	14,850	15,096	15,096

(In millions of Korean won, number of shares and percentage)

	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Net Book Value	Recorded Book Value
Samsung Electronics Canada Inc.	8	100.00	37,911	54,034	53,068
Samsung Electronics America Inc.	303,061	100.00	1,062,474	912,024	771,889
Samsung Electronics Latinoamerica (Zona Libre), S.A.	39,500	100.00	43,842	47,439	46,286
Samsung Electronics Mexico S.A. De C.V.	867,731	100.00	92,978	44,460	38,454
Samsung Electronics Argentina S.A.	21,854,000	98.00	26,256	5,216	4,689
Samsung Electronica Da Amazonia Ltda.	-	100.00	46,850	73,799	107,891
Samsung Electronics Iberia, S.A.	8,021,000	100.00	65,221	94,185	93,055
Samsung Electronics Nordic AB	1,000,000	100.00	16,153	32,217	29,623
Samsung Electronics Hungarian RT. Co., Ltd.	752,999	100.00	48,397	359,637	341,165
Samsung Electronics Portuguesa S.A.	1,751,000	100.00	12,594	21,236	20,500
Samsung Electronics France S.A.	2,700,000	100.00	39,433	96,360	89,318
Samsung Electronics (UK) Ltd.	113,939,253	100.00	187,907	293,616	269,509
Samsung Electronics Holding GmbH	-	100.00	77,610	178,360	136,513
Samsung Electronics Austria GmbH	-	100.00	9,614	13,217	13,109
Samsung Electronics Italia S.P.A.	677,000	100.00	56,779	78,923	71,154
Samsung Electronics Europe Logistics B.V.	1,306,435	100.00	18,314	34,346	5,067
Samsung Electronics Benelux B.V.	309,900	100.00	20,020	53,840	50,443
Samsung Electronics Poland, SP.Z.O.O	105,519	100.00	20,098	33,022	31,860
Samsung Electronics South Africa (Pty) Ltd.	2,000,000	100.00	54,975	25,733	23,834
Samsung Electronics Slovakia s.r.o	-	55.69	22,731	136,062	130,276
Samsung Electronics Overseas B.V.	250	100.00	120	701	(11,330)
Samsung Electronics RUS Co.	-	100.00	46,909	47,875	46,242
Samsung Russia Service Center, Ltd.	-	100.00	707	6,671	6,377
Samsung Electronics Australia Pty. Ltd.	53,200,000	100.00	40,458	71,364	68,349
Samsung Electronics Malaysia SDN.BHD.	16,247,452	100.00	4,378	103,434	99,425

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Samsung Electronics Co., Ltd.
Notes to the Non-Consolidated Financial Statements
December 31, 2006 and 2005

(In millions of Korean won, number of shares and percentage)

	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Net Book Value	Recorded Book Value
Samsung Gulf Electronics Co., Ltd.	25	100.00	7,976	17,952	14,789
PT. Samsung Electronics Indonesia	45,680	99.99	56,910	131,086	122,500
Samsung Electronics Display (M) SDN.OMD. (HSD)	71,400,000	75.00	21,876	128,673	126,731
Samsung India Electronics Ltd.	180,120,828	100.00	87,063	71,596	70,501
Samsung India Software Operations Pvt. Ltd.	16,534	100.00	7,358	11,089	11,089
Samsung Telecommunications India	43,999,990	100.00	10,063	11,656	9,914
Samsung Asia Private Ltd.	42,911,351	70.00	20,454	233,756	217,075
Samsung Electronics Asia Holding Pte. Ltd.	-	100.00	79,352	77,758	77,758
Samsung Vina Electronics Co., Ltd.	-	80.00	13,532	14,780	15,963
Thai-Samsung Electronics Co., Ltd.	11,020,000	91.83	37,423	133,398	126,900
Syrian-Korean Telecommunication Equipments Manufacturing Establishment Co., Ltd.	-	49.00	2,061	3,683	3,356
Samsung Electronics Philippine Manufacturing Corp.	9,875,810	100.00	25,487	38,741	35,075
Samsung Malaysia Electronics SDN.BHD.	17,100,000	100.00	4,797	4,136	(1,410)
Samsung Electronics Hong Kong Co., Ltd.	274,249,999	100.00	48,397	60,104	46,932
Samsung Electronics Taiwan Co., Ltd.	27,270,000	99.99	7,385	54,684	38,518
Samsung Electronics Suzhou Semiconductor Co., Ltd.	-	100.00	170,223	206,126	187,694
Samsung (China) Investment Co., Ltd.	-	100.00	61,023	293,739	280,459
Samsung Electronics Huizhou Co., Ltd.	-	42.36	16,391	25,054	18,516
Tianjin Samsung Electronics Display Co., Ltd.	-	54.67	9,896	30,104	20,758
Suzhou Samsung Electronics Co., Ltd.	-	78.19	67,338	67,909	55,046
Tianjin Samsung Electronics Co., Ltd.	-	81.07	47,931	99,671	97,843
Samsung Electronics (Shandong) Digital Printing Co., Ltd. (formerly Shandong-Samsung Telecommunications Co., Ltd.)	-	90.00	32,263	53,708	37,784

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(In millions of Korean won, number of shares and percentage)

	Number of Shares Owned	Percentage of Ownership (%)	Acquisition Cost	Net Book Value	Recorded Book Value
Tianjin Samsung Telecom Technology Co., Ltd.	-	90.00	22,434	202,404	142,120
Samsung Electronics Suzhou Computer Co., Ltd.	-	87.60	11,078	63,929	60,361
Samsung Electronics Suzhou LCD Co., Ltd.	-	100.00	164,706	156,359	151,736
Shenzhen Samsung Kejian Mobile Telecommunication Technology Co., Ltd.	-	60.00	15,429	37,295	4,236
Shanghai Bell Samsung Mobile Communications Co., Ltd.	-	49.00	7,742	4,458	3,233
Shanghai Samsung Semiconductor Co., Ltd.	-	100.00	1,310	7,307	3,373
Samsung Electronics Hainan Fiberoptics Co., Ltd.	-	100.00	26,331	38,325	37,635
Hangzhou Samsung Eastcom Network Technology Co., Ltd.	-	70.00	4,506	4,076	3,851
Samsung Japan Co., Ltd.	795,000	50.96	54,024	113,556	21,878
TSST Japan Co., Ltd.	294	49.03	150,451	19,926	50,518
Samsung Yokohama Research Institute	122,000	100.00	64,766	49,741	49,724
			₩8,638,370	₩11,944,318	₩11,265,083

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December 31, 2006 and 2005

Equity-method investments as of December 31, 2005, consisted of the following:

(In millions of Korean won, number of shares and percentage)

	Number of Shares Owned	Percentage		Net Book Value	Recorded Book Value
		Ownership (%)	Acquisition Cost		
Samsung SDI Co., Ltd.	9,282,753	19.68	₩ 423,722	₩ 899,597	₩ 897,461
Samsung Electro-Mechanics Co., Ltd.	17,693,084	22.80	359,237	382,109	373,051
Samsung Kwangju Electronics Co., Ltd.	38,515,579	94.25	192,676	548,101	541,086
Samsung Card Co., Ltd.	232,601,342	46.85	1,649,413	685,049	805,094
Samsung Techwin Co., Ltd.	19,604,254	25.46	211,726	181,260	179,044
STECO Co., Ltd.	2,447,992	51.00	12,240	29,649	29,120
SEMES Co., Ltd.	1,262,390	63.12	7,702	31,577	(7,172)
Seoul Commtech Co., Ltd	3,933,320	35.76	9,172	41,417	40,129
Samsung Economic Research Institute	3,576,000	29.80	17,880	18,240	17,630
Samsung SDS Co., Ltd	11,977,770	21.27	12,753	102,200	79,187
Samsung Networks Inc.	23,955,550	23.07	5,214	35,638	34,142
Samsung Corning Co., Ltd.	3,665,708	45.29	94,263	253,913	253,342
Samsung Lions Co., Ltd.	55,000	27.50	275	-	-
Secron Co., Ltd.	405,000	50.63	2,025	12,626	1,286
Samsung Electronics Service Co., Ltd.	5,999,998	83.33	30,000	47,452	46,355
MEMC Electronic Materials Korea, Inc.	3,440,000	20.00	17,200	37,649	37,648
Samsung Corning Precision Glass Co., Ltd.	1,021,654	41.85	116,140	643,611	629,366
Samsung Thales Co., Ltd.	13,500,000	50.00	135,000	104,858	104,520
Living Plaza Co., Ltd.	766,660	100.00	100,006	134,704	118,389
Bluetek Co., Ltd.	5,998,648	100.00	29,993	129,976	118,408
Samsung Electronics Logitech Co., Ltd.	1,010,800	100.00	5,058	23,234	23,647
S-LCD Corp.	210,000,001	50.00	1,050,000	930,424	899,271

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(In millions of Korean won, number of shares and percentage)

	Percentage					
	Number of Shares Owned	of Ownership (%)	Acquisition Cost	Net Book Value	Recorded Book Value	
Bokwang FUND I	75	50.00	₩ 7,500	₩ 7,476	₩ 7,468	
Bokwang FUND V	500	83.33	5,000	6,559	6,559	
Bokwang FUND X	900	81.82	9,000	8,795	8,816	
SVIC FUND II	69	99.00	6,930	8,954	8,954	
SVIC FUND III	64	99.00	6,435	5,424	5,424	
SVIC FUND IV	985	65.67	98,500	96,114	96,114	
SVIC FUND V	297	99.00	29,700	10,799	10,799	
SVIC FUND VI	265	99.00	26,532	25,804	25,804	
SVIC FUND VII	149	99.00	14,850	14,874	14,874	
Samsung Electronics Canada, Inc.	8	100.00	37,911	52,076	49,581	
Samsung Electronics America, Inc.	270,061	100.00	752,109	496,715	367,392	
Samsung Electronics Latin America (Zona Libre) S.A.	39,500	100.00	43,842	94,164	81,988	
Samsung Electronics Mexico S.A. De C.V.	867,731	100.00	92,978	58,618	54,014	
Samsung Electronics Argentina S.A.	22,300,000	100.00	26,803	5,950	5,433	
Samsung Electronica Da Amazonia Ltda.	-	62.00	46,850	42,259	39,704	
Samsung Electronics Iberia, S.A.	8,021,000	100.00	65,221	87,473	87,288	
Samsung Electronics Nordic AB.	1,000,000	100.00	16,153	21,057	19,043	
Samsung Electronics Hungarian RT. Co., Ltd.	752,999	100.00	48,397	193,849	179,384	
Samsung Electronics Portuguesa S.A.	1,751,000	100.00	12,594	18,302	18,130	
Samsung Electronics France S.A.	2,700,000	100.00	39,433	65,945	68,004	
Samsung Electronics (U.K.) Ltd. (formerly known as Samsung Europe Plc.)	113,939,253	100.00	187,907	239,408	222,447	

(In millions of Korean won, number of shares and percentage)

	Number of Shares Owned	of Ownership (%)	Percentage			Recorded Book Value
			Acquisition Cost	Net Book Value		
Samsung Electronics Holding GmbH.	-	100.00	₩ 77,610	₩ 149,166	₩ 114,795	
Samsung Electronics Italia, S.P.A.	677,000	100.00	56,779	60,856	59,273	
Samsung Electronics Europe Logistics B.V.	1,306,435	100.00	18,314	29,836	11,676	
Samsung Electronics Benelux B.V.	309,900	100.00	20,020	38,259	34,112	
Samsung Electronics Poland, SP.Z.O.O	105,519	100.00	20,098	28,548	26,996	
Samsung Electronics South Africa (Pty) Ltd.	2,000,000	100.00	54,975	21,586	18,177	
Samsung Electronics Slovakia s.r.o	-	55.69	22,731	53,054	50,546	
Samsung Electronics Overseas B.V.	250	100.00	120	915	(20,229)	
Samsung Electronics Australia Pty Ltd.	53,200,000	100.00	40,458	62,795	59,494	
Samsung Electronics Malaysia SDN.BHD.	16,247,452	100.00	4,378	89,030	83,921	
Samsung Gulf Electronics Co., Ltd.	25	100.00	7,976	18,070	14,016	
PT Samsung Electronics Indonesia	45,680	99.99	56,910	128,699	122,418	
Samsung Electronics Display (M) SDN.OMD(HSD)	71,400,000	75.00	21,876	113,007	105,747	
Samsung India Electronics, Ltd.	180,120,828	100.00	87,063	57,466	53,577	
Samsung India Software Operations Pvt. Ltd.	16,534	100.00	7,358	7,679	7,679	
Samsung Asia Private, Ltd.	42,911,351	70.00	20,454	212,336	196,852	
Samsung Vina Electronics Co., Ltd.	-	80.00	13,532	12,811	20,261	
Thai-Samsung Electronics Co., Ltd.	11,020,000	91.83	37,423	123,754	115,004	

(In millions of Korean won, number of shares and percentage)

	Number of Shares Owned	Percentage of Ownership (%)	Percentage			Net Book Value	Recorded Book Value
			Acquisition Cost	Net Book Value	Recorded Book Value		
Syrian-Korean							
Telecommunication Equipment Manufacturing Establishment Co., Ltd.	-	49.00	₩ 2,061	₩ 3,769	₩ 3,448		
Samsung Electronic Philippine Manufacturing Corp.	9,875,810	100.00	25,487	33,772	33,302		
Samsung Malaysia Electronics SDN, BHD.	17,100,000	100.00	4,797	3,762	(634)		
Samsung Electronics Hong Kong Co., Ltd.	274,249,999	100.00	48,397	62,525	42,935		
Samsung Electronics Taiwan Co., Ltd.	27,270,000	99.99	7,385	45,323	32,814		
Samsung Electronics Souzhou Semiconductor Co., Ltd.	-	100.00	151,611	189,723	175,533		
Samsung Investment Co., Ltd.	-	100.00	61,023	195,786	182,600		
Samsung Electronics Huizhou Co., Ltd.	-	42.36	16,391	23,108	13,561		
Tianjin Samsung Electronics Display Co., Ltd.	-	54.67	9,896	44,303	36,893		
Souzhou Samsung Electronics Co., Ltd.	-	78.19	67,338	82,485	72,375		
Tianjin Samsung Electronics Co., Ltd.	-	81.07	47,931	113,644	109,792		
Samsung Electronics (Shandong) Digital Printing Co., Ltd. (formerly Shandong- Samsung Telecommunications Co., Ltd.)	-	90.00	32,263	43,543	29,448		
Tianjin Samsung Telecom Technology Co., Ltd.	-	90.00	22,434	125,206	109,995		
Samsung Electronics Suzhou Computer Co., Ltd.	-	87.60	11,078	45,688	42,230		
Samsung Electronics Suzhou LCD Co., Ltd.	-	100.00	145,383	138,064	132,838		

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(In millions of Korean won, number of shares and percentage)

	Number of Shares Owned	Percentage		Acquisition Cost	Net Book Value	Recorded Book Value
		Ownership (%)				
Shenzhen Samsung Kejian						
Mobile Technology Co., Ltd.	-	60.00	₩	15,429	₩ 27,131	₩ 11,986
Shanghai Bell Samsung Mobile Communications Co., Ltd.						
	-	49.00		7,742	8,074	7,186
Shanghai Samsung Semiconductor Co., Ltd.						
	-	100.00		1,310	4,396	1,683
Samsung Electronics Hainan Fiberoptics Co., Ltd.						
	-	100.00		26,331	32,629	31,827
Samsung Japan Co., Ltd.	795,000	50.96		54,024	112,435	43,994
TSST Japan Co., Ltd.	294	49.00		150,451	7,593	52,304
Samsung Yokohama Research Institute						
	122,000	100.00		64,766	53,257	53,231
				<u>₩7,597,943</u>	<u>₩9,437,982</u>	<u>₩8,891,880</u>

EXHIBIT 19

SAMSUNG

2007

**SAMSUNG
ELECTRONICS
ANNUAL
REPORT**



MESSAGE FROM THE BOARD :::::

We seek to maximize corporate value through transparent and sound management.

Samsung Electronics has enthusiastically established a global standard of corporate governance, operating within a structure whose focal point is the Board of Directors. This enables transparent and sound management practices while encouraging creative and progressive entrepreneurship from our top management, which maximizes shareholder and overall corporate value. We are also sustaining shareholder focused management to ensure that our profitable earnings and corporate values benefit our shareholders.

In 2007, a record-breaking year for business performance, we returned about 40% of our net profits to shareholders, paying out a dividend of KRW8,000 a share and buying back about KRW2 trillion of company stock. We also organized our third Analyst Day to help our investors and shareholders better understand the core competencies of each business division, as well as our efforts to enhance our corporate value on a mid- and long-term basis.

Our brand value has been marked at US\$16.9 billion in the BusinessWeek/Interbrand survey of "Best Global Brands," ranked 21st in the world in 2007, to consolidate our enhanced position worldwide. In addition, leading business journals such as Finance Asia and Asset have rated Samsung again among the very best in terms of investor relations and corporate governance.

In 2008, we will overcome any challenge to our concerted efforts to reinvent ourselves as a world leader. By achieving outstanding business performance, we will also enhance shareholder value. Looking ahead, we will become an unparalleled global electronics leader, actively practicing creative management with consistent innovation in our management practices.

BOARD OF DIRECTORS

The Board oversees the performance of senior managers, sets corporate management policies and formulates strategic decisions on business execution. These activities are performed in strict accordance with relevant laws and regulations, the Samsung Electronics Articles of Incorporation and resolutions passed at the general shareholders' meeting. There are nine members on the Board of Directors, of which two are Samsung executive directors and seven are outside of the company. In 2007, the Board met seven times to discuss major corporate agendas. During that time, the Board resolved 30 agenda items.

Committees have been established within the Board of Directors in accordance with the Board bylaws, and empowered with certain Board responsibilities. This way, the directors can draw upon their experience and expertise in specific fields to enhance and accelerate the deliberation and decision-making processes. The Board currently has four such bodies: the Management Committee, Audit Committee, Outside Director Recommendation Committee and Internal Transaction Committee.

Management committee

The Board of Directors delegates the authority to discuss and decide specific agenda items to the Management Committee, thereby elevating its managerial professionalism and effectiveness. The committee reports its decisions back to the Board. This committee convened 28 meetings during 2007.

Audit Committee

The Audit Committee supervises and supports management in order to maximize corporate value through a set of checks and balances. The Committee is composed of three outside directors and held six meetings during 2007.

Outside Director Recommendation Committee

The Outside Director Recommendation Committee was formed to recruit and appoint outside directors fairly and independently. The Committee has four members: two executive directors and two outside directors. The Committee met on three occasions during 2007.

Internal Transaction Committee

The Internal Transaction Committee was established to enhance corporate governance by ensuring fair business transactions. All three members are outside directors. This Committee convened five times in 2007.

EXHIBIT 20

Corporate Governance

We protect shareholder rights through transparent management.

[Articles of Incorporation](#)

[Board of Directors](#)

[Operation of the BOD](#)

About the Board of Directors

As of July 2, 2014, our Board of Directors is comprised of 4 internal directors (Sang Jin Park, Nam Seong Cho, Young Sik Kim, Seoung Ku Lee) and 5 outside directors (Sung Jae Kim, Min Gee No, Serck Joo Hong, Ran Do Kim, Jai Hie Kim).

Board Committees

Management Committee

In accordance with the Articles of Association, Regulation and the Resolution by the Board of the Directors, directors shall engage in deliberating and deciding on issues commissioned by the Board of Directors. Committee members shall be appointed among directors by the resolution of the Board of Directors and shall be comprised of two to six directors.

The resolutions and decisions of the Management Committee shall be based on the majority of those in attendance and the majority agreement of the attendees.

Matters for consideration shall be issues commissioned by the Board of Directors and those concerned with management.

Audit Committee

Our company retains the Audit Committee in accordance with Article 542, Paragraph 11 and 12 of the Commercial Law.

The members of the Audit Committee are appointed by the resolution of the General Shareholders' Meeting in accordance with the rules and regulations of the Audit Committee.

Related Party Transactions Committee

The Related Party Transactions Committee is in charge of establishing the fair training compliance program and promoting transparency of related party transactions and engages in such activities as identifying the present status of related party transactions,

investigating related party transactions and rectifying and reporting violation and irregularities in related party transactions to the Board of Directors.

Outside Director Candidates Recommendation Committee

Our outside directors are nominated by the Outside Director Candidates Recommendation Committee(outside directors) and are appointed by the resolution of the General Shareholders' Meeting among candidates recommended by the Board of Directors(internal directors). Outside Director Candidates Recommendation Committee shall be comprised of outside directors equivalent to 50% or more of all directors in accordance with Article 542, Paragraph 8 of the Commercial Law.

Committee members in BOD

Members	Management Committee	Audit Committee	Related Party Transactions Committee	Outside Director Candidates Recommendation Committee
Internal Directors	Sang Jin Park Nam seong Cho Young Sik Kim Seoung Ku Lee	-	-	Sang Jin Park Nam seong Cho Young Sik Kim Seoung Ku Lee
External Directors	-	Sung Jae Kim Min Gee No Serck Joo Hong Ran Do Kim Jai Hie Kim	Sung Jae Kim Min Gee No Serck Joo Hong Ran Do Kim Jai Hie Kim	Sung Jae Kim Min Gee No Serck Joo Hong Ran Do Kim Jai Hie Kim

Activities of the Board of Directors

1) Matters for resolution

Term and Date	Agenda	Results
1st Regular meeting 2014 (2014.1.24)	Approval of financial statements and business reports for FY 2013	Passed

Term and Date	Agenda	Results
2nd Regular meeting 2014 (2014.02.07)	SM(Sustainability Management) Report	Reported
	Convening the Annual General Meetings of Shareholders	Passed
	Appointment of director to exercise DR voting rights	Passed
	Approval of partnership agreement on automotive battery with Chinese company	Passed
	Report on the Internal Accounting Control System by internal accountants	Reported
	Assessment report on the Internal Accounting Control System by the Audit Committee	Reported
3rd Regular meeting 2014 (2014.03.14)	Appointment of CEO	Passed
	Commissioning duties to directors and wage payment	Passed
	Appointment of the members of the Management Committee	Passed
	Appointment of the members of the Outside Director Candidates Recommendation Committee	Passed
1st Temporary meeting 2014 (2014.03.31)	Appointment of the members of the Related Party Transactions Committee	Passed
	Signing the merger agreement with Jeil Engineering Co., Ltd.	Passed
	Convening the Extraordinary General Shareholders' Meeting	Passed
	Disposal of stockholders' list and setting up the basic date	Passed

Term and Date	Agenda	Results
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2) Major activities of the Board Committees

Committee and Date	Agenda	Results
Related Party Transactions Committee (2014.01.24)	Report on the performance of Related Party Transactions for the 4th quarter of 2013	Passed
Outside Director Candidates Recommendation Committee (2014.02.07)	Appointment of the chairman of the Outside Director Candidates Recommendation Committee Recommendation for the Outside Director candidates	Passed
Outside Director Candidates Recommendation Committee (2014.03.31)	Appointment of the chairman of the Outside Director Candidates Recommendation Committee Recommendation for the Outside Director candidates	Passed

Refer to the Business Report for track records of past activities.

EXHIBIT 21

<p>Defendant Samsung SDI Co., Ltd. owned and controlled by Samsung Electronics Co. Ltd..</p>	<p>Samsung Electronics Co., Ltd. 1999 Annual Report at 70 of 83, available at http://www.samsung.com/us/aboutsamsung/investor_relations/financial_information/annual_reports_1999.html</p> <p>Samsung Electronics Co., Ltd. 2000 Annual Report at 63, 74 of 88 available at http://www.samsung.com/us/aboutsamsung/investor_relations/financial_information/annual_reports_2000.html</p> <p>Samsung Electronics Co., Ltd.'s Audit Report 2001 dated March 13, 2002 at 25, 42 of 48, available at http://www.sec.gov/Archives/edgar/vprr/02/9999999997-02-022823</p> <p>Samsung Electronics Co., Ltd.'s Audit Report 2002 dated May 6, 2003 at 30-32, 56 of 62, available at http://www.sec.gov/Archives/edgar/vprr/03/9999999997-03-020649</p> <p>Samsung Electronics Co., Ltd.'s Audit Report 2004 dated May 4, 2005 at 42, 44, 46, 65 of 72, available at http://www.sec.gov/Archives/edgar/vprr/05/9999999997-05-022445</p> <p>Samsung Electronics Co., Ltd.'s Audit Report 2005 dated May 1, 2006 at 30, 35, 39, 41-45, 64 of 73, available at http://www.sec.gov/Archives/edgar/vprr/06/9999999997-06-017635</p> <p>Samsung Electronics Co., Ltd. 2005 Annual Report at 104-106, 108, 127 of 148 available at http://www.samsung.com/us/aboutsamsung/investor_relations/financial_information/annual_reports_2005.html</p> <p>Samsung Electronics Co., Ltd.'s Audit Report 2006 dated April 4, 2007 at 28, 32, 37, 39-43, 67-68 of 77, available at http://www.sec.gov/Archives/edgar/vprr/07/9999999997-07-016335</p> <p>Samsung Electronics Co., Ltd. 2006 Annual Report at 89, 102-106, 126-128 of 154 available at http://www.samsung.com/us/aboutsamsung/investor_relations/financial_information/annual_reports_2006.html</p> <p>Samsung Electronics Co., Ltd. 2007 Annual Report at 98-102, 125-126 of 140 available at http://www.samsung.com/us/aboutsamsung/investor_relations/financial_information/annual_reports_2007.html</p> <p>Samsung Electronics Co., Ltd.'s Audit Report 2007 dated April 4, 2007 at 44-45, 47-50, 82 of 95 (96-196 is duplicate), available at http://www.sec.gov/Archives/edgar/vprr/08/9999999997-08-022661</p> <p>Samsung Electronics Co., Ltd.'s Audit Report 2008 dated March 30 at 30-33, 35-36, 60, 62 of 69, available at http://www.sec.gov/Archives/edgar/vprr/09/9999999997-09-013805</p> <p>Samsung Electronics Co., Ltd. 2008 Annual Report at 76-77, 94-95 of 106 available at http://www.samsung.com/us/aboutsamsung/investor_relations/financial_information/annual_reports_2008.html</p> <p>Samsung SDI- Shareholders and Investors, available at: http://www.samsungsdi.com/sustain/s2_2.jsp</p> <p>Samsung Entities' Responses to Dell Plaintiffs 2d Set of Requests for Admission, <i>In Re: Cathode Ray Tube (CRT) Antitrust Litigation</i>, January 17, 2014</p> <p>Samsung Entities' Responses to Dell Plaintiffs 2d Set of Requests for Admission, <i>In Re: Cathode Ray Tube (CRT) Antitrust Litigation</i>, January 10, 2014</p> <p>Expert Report of Stephen Haggard (dated April 15, 2014) and all documents referred to therein.</p>
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EXHIBIT 22

Statements of Korea Accounting Standards

[Home](#) > Standards > SKASs[Print](#)

For unabridged data in Korean language

[Click Here](#)

Subject	SKAS No. 15 : Investments in Associates	
Approved Date	18 Sep 2009	Issued Date 09 Dec 2009
File	The attachment file does not exist.	

Status

- Adopted by the Korea Accounting Standards Board on 13 February 2004
- Effective from the first fiscal year beginning on or after 31 December 2004

Summary

The objective of this Statement is to prescribe the standards on accounting treatment and disclosure of investments in associates.

If an investor holds, directly or indirectly through subsidiaries, 20 percent or more of the voting power in the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case.

The investor shall recognize investments in associates at cost and adjust thereafter for the post-acquisition change in the investor's share of the net assets of the investee.

Investment difference refers to the amount of difference between the cost of acquisition and the investor's share of the fair values of the net identifiable assets of the associate, and it arises on the date of acquisition of an investment in an associate. Such difference shall be treated as goodwill and accounted for in accordance with Korea Accounting Standards on business combinations. Unrealized gain or loss that arise on the fair-value valuation of the associate's shares held until the date on which significant influence becomes exercisable shall be included in current earnings of the period that includes the applicable date of the equity method.

Changes in the investor's share of equity interest in an associate shall be adjusted to the balance of investment in the associate and accounted for in accordance with the source of changes in the net assets of the associate.

Among the amount calculated by multiplying the investor's share of an associate's equity to the total amount of gains or losses arising on transactions between the investor and the associate, the portion of the calculated amount that continues to be reflected in the carrying amount of the investor's investment held as of the balance sheet date is referred to as unrealized intercompany gain or loss. Unrealized gains shall be accounted for as a reduction of the carrying amount of the investment in the associate, while unrealized losses shall be added to the carrying amount of the investment in the associate.

The equity method shall be applied by using reliable financial statements of the associate prepared as of the investor's balance sheet date. If an associate uses accounting policies other than those of the investor for like transactions and events in similar circumstances, adjustments shall be made to conform the associate's accounting policies to those of the investor when the associate's financial statements are used by the investor in applying the equity method.

If the carrying amount of an investment in an associate falls below zero as a result of reflecting the associate's losses when the equity method is applied, the investor shall discontinue

recognizing further changes in its share of equity interest in the associate and the investment shall be accounted for at nil value. However, if the investor holds assets of an associate that are of investment characteristics, such as preferred stocks and long-term receivables (including loans receivable, but excluding accounts receivable and other receivables collectable through collateral), the investor shall continue to account for the losses of the associate until the carrying amounts of such assets are reduced to zero.

If the amount recoverable from an investment in an associate (hereinafter referred to as the recoverable amount) is less than its carrying amount, the investor shall consider recognition of an impairment loss. Pursuant to Korea Accounting Standards for investments in securities, the investor shall determine whether there is objective evidence that impairment loss has been incurred, and when such evidence exists, impairment loss shall be recognized in accordance with Korea Accounting Standards for impairment losses.

When the investor no longer has significant influence over an associate because of factors such as decrease in the investor's share of equity interest in the associate due to the investor's disposal of investments in the associate, the investor shall discontinue the use of the equity method and shall account for the investment in accordance with Korea Accounting Standards for investments in securities.

If an associate is also a subsidiary of the investor, the investment in the associate shall be accounted for as follows:

- a. The entire portion of gains or losses arising on sales of assets from the investor to an associate that is included in the carrying amount of assets held as of the balance sheet date shall be eliminated.
- b. The difference between the consideration for additional acquisition of equity securities of the subsidiary and the consideration for acquisition of additional interests in the net assets of the subsidiary shall be accounted for as accumulated other comprehensive income (for example, changes in equity arising on application of the equity method).
- c. If the subsidiary continues to be includable in the investor's consolidated financial statements even after the investor disposes of a portion of its equity interest in the investee, the difference between the proceeds from the disposed portion and its carrying amount shall not be recognized in current earnings and, instead, shall be included in accumulated other comprehensive income (for example, changes in equity arising on application of the equity method).
- d. When changes in the investor's share of equity interest in a subsidiary occur as a result of changes in contributed capital of the subsidiary, such as increase in contributed capital with consideration, the difference between (1) the amount obtained by deducting the investor's share of equity interest in the subsidiary before the change in contributed capital from the investor's share after such change and (2) the acquisition cost of securities newly acquired through the change in contributed capital shall be included in accumulated other comprehensive income (for example, changes in equity arising on application of the equity method).
- e. If the investor holds receivables from the subsidiary and has kept provisions for those receivables, bad debt expense recognized during the current period shall be added to the investment in the associate and included in current income (for example, gain on application of the equity method).
- f. If the subsidiary prepares its financial statements in accordance with Korea Accounting Standards for exemptions on accounting for small and medium-sized entities, the investor shall not apply the provisory provision of paragraph 25.
- g. When an investee (including an associate)—which was not a subsidiary in prior periods—becomes a subsidiary because of the investor's additional acquisition of the investee's equity interest, the equity method shall be applied to the investment difference measured in accordance with Korea Accounting Standards on business combinations.

This Statement shall be applied from the first fiscal year beginning on or after 31 December 2004. Earlier application is permitted for the fiscal year that includes the effective date of this Statement.

Objective

1. The objective of this Statement is to prescribe the standards on accounting for and disclosure of investments in equity securities that are capable of exercising significant influence over an investee (hereinafter referred to as *investments in associates*).

Scope

2. This Statement shall be applied in accounting for entities that are subject to the Act on External Audit of Corporations. However, application of this Statement is not mandatory for immaterial items. This Statement may be applied in accounting for entities that are not subject to the Act on External Audit of Corporations.

3. Among the investments in securities held by venture capitals, mutual funds, or any other similar entities, this Statement shall not be applied to those (1) that are either classified as trading securities or designated at the inception to be valued at fair value and to include the change in the fair value in current earnings and (2) that are accounted for in accordance with Statement of Korea Accounting Standards No. 8, *Investments in Securities*. In accordance with Statement of Korea Accounting Standards No. 8, *Investments in Securities*, such investments in securities shall be valued at fair value and any change in fair value shall be included in current earnings.

Definitions

4. Definitions of terminologies used in this Statement are as follows:

- a. An *associate* is an investee, accounted for by the equity method, over which the investor has significant influence. Associates include all forms of legal entities such as corporations, general partnerships, limited partnerships, limited liability companies, associations, unions, cooperatives, and so forth.
- b. *Significant influence* is the power to participate in the financial and operating policy decisions of the investee.
- c. The *equity method* is a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of the net assets of the investee.
- d. *Change in the investor's share of equity interest in an associate* refers to the amount relating to the investor's share of the total change in net assets of the associate.
- e. *Investment difference* is the amount of difference between the cost of acquisition and the investor's share of the fair values of the net identifiable assets of the associate.
- f. A *subsidiary* is an entity that is controlled by another entity pursuant to the provisions of Korea Accounting Standards on preparation of consolidated financial statements.
- g. *Control* is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Significant Influence

5. If an investor holds, directly or indirectly through subsidiaries, 20 percent or more of the voting power in the investee, it is presumed that the investor has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if an investor holds, directly

or indirectly through subsidiaries, less than 20 percent of the voting power in the investee, it is presumed that the investor does not have significant influence. Factors to be considered in calculating the investor's share of the voting power in an investee that is necessary for determining the existence of significant influence are as follows:

- a. In determining the existence of significant influence, the investor's share of the voting power in an investee is calculated by the simple summation of the shares of equity interests in the investee held by the investor and its subsidiaries.
- b. In principle, shares without voting rights (such as preferred stocks) and convertible securities (such as convertible bonds and bonds with stock warrants) that are unable to exercise influence over an investee's policy-making process shall not be included in calculating the investor's share of the voting power in an investee. However, if the investor's conversion right or stock acquisition right is exercisable and such right's exercise can be reasonably expected, with reasons such as greater expected benefits than expected costs of exercise, the convertible securities are included in the calculation.
- c. Preferred stocks for which voting rights have been restored, as a result of a resolution at the general shareholders' meeting that preferred dividends will no longer be granted to preferred stockholders, shall be included in calculating the investor's share of the voting power in an investee that is necessary for determining the existence of significant influence. However, if such restoration of voting rights of preferred stocks is temporary, the preferred stocks shall not be included in the calculation.

6. Even though an investor holds less than 20 percent of the voting power in an investee, the existence of significant influence by the investor is usually evidenced in one or more of the following circumstances:

- a. When the investor is able to exercise voting power on the board of directors or equivalent policy-making body of the investee
- b. When the investor is able to participate in the policy-making processes relating to the financial and operating policies of the investee
- c. When the investor is able to exercise significant influence over the nomination of officers or other managerial personnel who are able to participate in the policy-making processes relating to the financial and operating policies of the investee
- d. When the investee carries out most of its material transactions with the investor
- e. When the investor provides essential technical information to the investee

7. Even though an investor holds 20 percent or more of the voting power in an investee, the existence of significant influence by the investor is not evidenced in one or more of the following circumstances:

- a. When the investor is unable to exercise real influence over the policy-making processes relating to the financial and operating policies of the investee because of litigation or other legal claims
- b. When the investor is unable to exercise its voting power because of contractual terms or legal restrictions
- c. When the investor is practically unable to exercise influence over the investee with its voting power since the majority ownership of the investee is held by a specific parent entity
- d. When the investor is practically unable to exercise influence over the investee because the investee is currently not being allowed to maintain checking accounts of financial institutions established under the Banking Act or is in the process of undergoing legal

reorganization plan pursuant to the Act on Corporate Reorganization under Court Trustee or the Corporate Restructuring Promotion Act

e. Any other circumstances that correspond or are similar to those listed above

Application of the Equity Method

8. The investor shall recognize investments in associates at cost and adjust thereafter for the post-acquisition change in the investor's share of the net assets of the investee.

9. When an investment in an associate is acquired and held exclusively with a view to its disposal within twelve months from acquisition and the investor is actively seeking a buyer, the investment shall be classified as a trading security and accounted for in accordance with Korea Accounting Standards on investments in securities. If the investment is not disposed of within twelve months, it shall be accounted for using the equity method retroactively from the date of acquisition and the financial statements for the periods since acquisition shall be restated. If there is a buyer for an associate but the investor is unavoidably incapable of completing the sale within twelve months after acquisition because of factors such as legal regulations, the investor is not required to apply the equity method to an investment in such an associate if it is probable that the sale will be completed shortly after the balance sheet date.

10. Korea Accounting Standards on preparation of consolidated financial statements shall be applied in accounting for items that are not specified in this Statement.

Investment Difference

11. Investment difference arises on the date of acquisition of an investment in an associate because of factors such as the associate's ability to earn future profits in excess of normal profits. Such difference shall be treated as goodwill and accounted for in accordance with Korea Accounting Standards on business combinations.

12. When the investor is able to exercise significant influence through an in-stage acquisition of an associate's shares, investment difference shall be calculated as if the shares were acquired in a lump-sum purchase on the same date significant influence became exercisable. In such a case, consideration for acquisition shall be computed as the sum of the fair values of shares acquired until the date that immediately precedes the date on which significant influence became exercisable and the acquisition cost of shares additionally acquired on the date on which significant influence became exercisable. Unrealized gain or loss that arise on the fair-value valuation of the associate's shares held until the date on which significant influence becomes exercisable shall be included in current earnings of the period that includes the applicable date of the equity method.

13. The investor shall calculate the investment difference if its share of equity interest in an associate increases as a result of an increase (or decrease) in contributed capital with (or without) consideration. Such difference shall be treated as goodwill and accounted for in accordance with Korea Accounting Standards on business combinations.

Accounting for the Difference between the Fair Value and Book Value of the Net Assets of the Associate

14. At the date of acquisition of an investment in an associate, among the difference between the fair value and book value of the identifiable assets and liabilities of an associate, the amount relating to the investor's share of equity interest in the associate shall be amortized or reinstated in accordance with the associate's methods of accounting for assets and liabilities.

Accounting for Changes in the Investor's Share of Equity Interest

15. Changes in the investor's share of equity interest in an associate shall be adjusted to the balance of investment in the associate and accounted for in accordance with the source of changes in the net assets of the associate.

16. If changes in the net assets of an associate arise as a result of net income or net loss for the current period, changes in the investor's share of equity interest in the associate shall be accounted for as an item of current earnings, such as gain or loss on application of the equity method.

17. Despite the provisions of paragraph 15, if an associate's beginning balance of retained earnings has been changed because of a material error correction and if the effect of such change on the financial statements of the investor is immaterial, the resulting change in the investor's share of equity interest in the associate shall be included in the investor's current earnings in accordance with Korea Accounting Standards for accounting changes and corrections of errors. If an associate's beginning balance of retained earnings has been changed because of the investee's accounting changes, the resulting change in the investor's share of equity interest in the associate shall be reflected in the investor's beginning balance of retained earnings (for example, changes in retained earnings arising on application of the equity method) in accordance with Korea Accounting Standards for accounting changes and corrections of errors.

18. If changes in the net assets of an associate arise as a result of an increase or decrease in equity, excluding the associate's net income or net loss for the current period and changes in the associate's beginning balance of retained earnings, the resulting change in the investor's share of equity interest in the associate shall be included in the investor's accumulated other comprehensive income (for example, changes in equity arising on application of the equity method).

19. If there are outstanding preferred stocks issued by an associate, changes in the investor's share of equity interest in the associate's common and preferred stocks shall be measured by considering the characteristics of the outstanding preferred stocks, such as whether they are cumulative or participating. If the investor is in possession of preferred stocks issued by an associate, the equity method shall be applied to those preferred stocks.

20. At the date of an associate's dividend declaration, the investor shall subtract the amount of dividend receivable directly from the carrying amount of the investment in the associate. However, in the case of an associate's stock-dividend declaration, no accounting treatment is made since there is no change in the net assets of the associate.

Elimination of Unrealized Intercompany Gains or Losses

21. Among the amount calculated by multiplying the investor's share of an associate's equity to the total amount of gains or losses arising on transactions between the investor and the associate, the portion of the calculated amount that continues to be reflected in the carrying amount of the investor's investment held as of the balance sheet date is referred to as unrealized intercompany gain or loss. Unrealized gains shall be accounted for as a reduction of the carrying amount of the investment in the associate, while unrealized losses shall be added to the carrying amount of the investment in the associate.

Financial Statements of the Associate

22. The equity method shall be applied by using reliable financial statements of the associate prepared as of the investor's balance sheet date.

23. When the reporting dates of the investor and the associate are different and the difference is no more than three months, reliable financial statements of the associate prepared as of the associate's balance sheet date may be used in applying the equity method. In such a case, adjustments shall be made for the effects of significant transactions or events that occur between the balance sheet date of the investor and that of the associate.

24. When the investor uses financial statements of the associate prepared as of a different balance sheet date than that of the investor, consistency on the use of the two different balance sheet dates shall be maintained in later periods, unless the associate changes its balance sheet date so as to reduce the length of time difference between the two dates.

25. If an associate uses accounting policies other than those of the investor for like transactions and events in similar circumstances, adjustments shall be made to conform the associate's accounting policies to those of the investor when the associate's financial statements are used by the investor in applying the equity method. However, no such adjustments are required if the inconsistency in accounting policies or estimation methods is a result of the preparation of financial statements, either by the investor or the associate, in accordance with Korea Accounting Standards for exemptions on accounting for small and medium-sized entities.

26. When investment in an associate is acquired or disposed of during a period, the equity method shall be applied by using the financial statements as of the date of acquisition or disposal of the investment. However, if the associate's financial statements cannot be determined as of the date of acquisition or disposal of the investment, the equity method shall be applied by using the associate's financial statements (including the interim financial statements) as of the date closest to the date of acquisition or disposal of the investment.

When the Carrying Amount of an Investment in an Associate Falls Below Zero

27. If the carrying amount of an investment in an associate falls below zero as a result of reflecting the associate's losses when the equity method is applied, the investor shall discontinue recognizing further changes in its share of equity interest in the associate and the investment shall be accounted for at nil value.

28. Despite the provision of paragraph 27, if the investor holds assets of an associate that are of investment characteristics, such as preferred stocks and long-term receivables (including loans receivable, but excluding accounts receivable and other receivables collectable through collateral), the investor shall continue to account for the losses of the associate until the carrying amounts of such assets are reduced to zero.

29. After the investor ceases to apply the equity method pursuant to paragraph 27, if changes in the investor's share of equity interest in the associate occur with subsequent reporting of current income by the associate, the investor resumes application of the equity method only after its share of the profits equals the share of losses not recognized. When the associate carries out an increase in contributed capital (including increases in additional paid-in capital and capital adjustment accounts) with consideration, the portion of the increase in contributed capital that relates to the investor's share of losses not recognized in prior periods shall be accounted for as a reduction of the investment in security by reducing the beginning balance of retained earnings (for example, changes in retained earnings arising on application of the equity method).

Impairment Losses

30. If the amount recoverable from an investment in an associate (hereinafter referred to as the *recoverable amount*) is less than its carrying amount, the investor shall consider recognition of an impairment loss. Pursuant to Korea Accounting Standards for investments in securities, the investor shall determine whether there is objective evidence that impairment loss has been incurred, and when such evidence exists, impairment loss shall be recognized in accordance with Korea Accounting Standards for impairment losses. The recoverable amount is determined as the higher of value in use or expected amount of net cash inflows from disposal of the investment in the associate. The amount of impairment loss shall be included in current earnings (for example, impairment loss on investment in an associate).

31. Value in use of the investment in an associate considered in determining the recoverable amount is measured by using either of the following:

- a. The investor's share of the present value of the estimated future cash flows expected to

be generated by the investee, including the cash flows from the operations of the investee and the proceeds on the ultimate disposal of the investment

b. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal

32. If there is any amount of unamortized investment difference when the investor recognizes impairment loss on an investment in an associate, the remaining balance of the investment difference shall be reduced first.

33. If the recoverable amount of an investment in an associate increases after recognizing an impairment loss, the amount of increase is recognized as current income to the extent of the impairment loss previously recognized. In such a case, the carrying amount of the investment shall not exceed the carrying amount that would have been determined, as of the date of the recovery, if no impairment loss were recognized in prior periods. However, since recovery of impairment loss recognized by reducing the balance of unamortized investment difference is not permitted, no accounting treatment shall be made for such recovery.

Disposal of Investments in Associates

34. When the investor disposes of all or part of an investment in an associate, any accumulated other comprehensive income (for example, changes in equity arising on application of the equity method) relating to the disposed investment shall be accounted for as gain or loss on disposal of the investment.

35. If the investor's share of equity interest in an associate decreases as a result of the associate's carrying out of a decrease in contributed capital with consideration (including other changes in contributed capital with or without consideration), the amount of difference between (a) the amount received as consideration for the share-decrease and (b) the amount of change in the investor's share of equity interest measured by deducting the amount of the investor's share of equity interest before the decrease in contributed capital with consideration from the amount of the investor's share of equity interest after the decrease in contributed capital with consideration shall be accounted for as gain or loss on disposal.

36. When the investor no longer has significant influence over an associate because of factors such as decrease in the investor's share of equity interest in the associate due to the investor's disposal of investments in the associate, the investor shall discontinue the use of the equity method and shall account for the investment in accordance with Korea Accounting Standards for investments in securities. In such a case, the carrying amount as of the date on which significant influence has been lost shall be deemed as the acquisition cost of the investment.

Mutual Ownership of Securities

37. If the investor and the associate mutually hold each other's equity interest and mutually exert significant influence over each other, the amount of change in the investor's share of equity interest in the associate shall be computed after making adjustments, pursuant to each entity's percentage of share-ownership of the other, to items such as current earnings.

Translation of Financial Statements of Associates Operating Overseas

38. When applying the equity method by translating the financial statements of an associate operating overseas, the investor shall apply (a) the foreign exchange rate as of the investor's balance sheet date to the associate's assets and liabilities, (b) the foreign exchange rate as of the date on which the investor acquired its equity interest in the associate to the investor's share of the associate's equity interest, and (c) the foreign exchange rate as of each transaction date to the remaining equity interest in the associate after excluding any increase in retained earnings after the investor's acquisition of its equity interest in the associate. For the income statement items, either the foreign exchange rate as of each transaction date or

the average rate for the pertinent period may be applied in the translation. However, if the balance sheet dates of the investor and the associate are different and the difference between the foreign exchange rates measured as of the two balance sheet dates is immaterial, the foreign exchange rate as of the associate's balance sheet date may be used in the translation. After translating into Korean won (KRW), out of the difference between the total equity and the amount obtained by deducting liabilities from assets, the amount relating to the investor's share of the associate's equity interest shall be accounted for as accumulated other comprehensive income (for example, changes in equity arising on application of the equity method).

Application of the Equity Method to Subsidiaries

39. If an associate is also a subsidiary of the investor, the investment in the associate shall be accounted for as follows:

- a. Despite the provisions of paragraph 21, the entire portion of gains or losses arising on sales of assets from the investor to an associate (commonly referred to as *upstream sales transactions*) that is included in the carrying amount of assets held as of the balance sheet date shall be eliminated.
- b. The difference between the consideration for additional acquisition of equity securities of the subsidiary and the consideration for acquisition of additional interests in the net assets of the subsidiary shall be accounted for as accumulated other comprehensive income (for example, changes in equity arising on application of the equity method).
- c. If the subsidiary continues to be includable in the investor's consolidated financial statements even after the investor disposes of a portion of its equity interest in the investee, the difference between the proceeds from the disposed portion and its carrying amount shall not be recognized in current earnings and, instead, shall be included in accumulated other comprehensive income (for example, changes in equity arising on application of the equity method).
- d. When changes in the investor's share of equity interest in a subsidiary occur as a result of changes in contributed capital of the subsidiary, such as increase in contributed capital with consideration, the difference between (1) the amount obtained by deducting the investor's share of equity interest in the subsidiary before the change in contributed capital from the investor's share after such change and (2) the acquisition cost of securities newly acquired through the change in contributed capital shall be included in accumulated other comprehensive income (for example, changes in equity arising on application of the equity method).
- e. If the investor holds receivables from the subsidiary and has kept provisions for those receivables, bad debt expense recognized during the current period shall be added to the investment in the associate and included in current income (for example, gain on application of the equity method).
- f. If the subsidiary prepares its financial statements in accordance with Korea Accounting Standards for exemptions on accounting for small and medium-sized entities, the investor shall not apply the provisory provision of paragraph 25.
- g. When an investee (including an associate)—which was not a subsidiary in prior periods—becomes a subsidiary because of the investor's additional acquisition of the investee's equity interest, the equity method shall be applied to the investment difference measured in accordance with Korea Accounting Standards on business combinations.

Presentation of Financial Statements

40. An investment in an associate shall be presented in the financial statements as a separate line item of long-term investments. If the investor holds investments in two or more associates, gain or loss on application of the equity method, accumulated other comprehensive income

(for example, changes in equity arising on application of the equity method), or changes in retained earnings arising on application of equity method shall each be presented in separate gross amounts, instead of netting with each other.

Disclosures

41. The investor shall disclose the following in the notes to the financial statements:

- a. Present status of the investor's share of each associate's equity interest
- b. Reasons and names of associates for which the equity method has not been applied even though the investor holds 20 percent or more of the voting power of the investee
- c. Reasons and names of associates for which the equity method has been applied even though the investor holds less than 20 percent of the voting power of the investee
- d. Details of accounting treatment of any investment difference
- e. Details of elimination of unrealized intercompany gains and losses
- f. Details of each investment in an associate that have been accounted for by the equity method
- g. The following information, if the investor uses an associate's financial statements after making adjustments:
 - (1) Details of changes made, for the purpose of applying the equity method, to accounting policies and estimation methods of the associate and their effects on the financial statements
 - (2) Details of changes or adjustments made to the financial statements of the associate because it has been identified that those statements do not fairly present the financial position and operating results of the associate
- h. Reasons for and details of using the balance sheet date of an associate that is difference from that of the investor in applying the equity method
- i. Summarized financial information of associates, including the amounts of total assets, total liabilities, revenues and current earnings
- j. Details of factors—such as outstanding convertible equity securities—considered in calculating the investor's share of equity interest in an investee that are used to determine the existence of significant influence over the investee
- k. The investor's share of the associate's contingent liabilities that have not been recognized by the associate as provisions
- l. Details of investments in associates that are planned to be disposed of
- m. The market values of investments in associates, as of the balance sheet date, for which there are published price quotations
- n. The investor's share of each item of the associate's gains or losses on discontinued operations and on prior period error corrections, if they are included as separate items in the associate's income statement
- o. Reasons for and details of circumstances when current earnings and net assets reported in the separate financial statements of the investor do not coincide with its share of current earnings and net assets of an associate included in the consolidated financial statements—such as when the investor ceases to apply the equity method because the balance of the investment in the associate has become zero
- p. Details of circumstances that lead to the application of the provisory provision of paragraph 25
- q. Both current and accumulated amounts of change in the investor's share of equity interest in an associate that were not recognized in both current and prior periods as the

investor ceased to apply the equity method to the balance of its investment in the associate that had become zero

- r. Details of any significant restrictions, such as those resulting from arrangements or regulations, on the ability of associates to transfer funds to the investor
- s. Summarized financial information of associates that are not accounted for by the equity method pursuant to the provisions of paragraph 9, including the amounts of total assets, total liabilities, revenues and current earnings

Effective Date

- 42. This Statement shall be effective from 31 December 2004.
- 43. This Statement shall be applied from the first fiscal year beginning on or after the effective date. Earlier application is permitted for the fiscal year that includes the effective date of this Statement.

Transition

- 44. This Statement supercedes the following Korea Accounting Standards:
 - a. Korea Financial Accounting Standards Article 59, *Valuation of Investments in Equity Securities*
 - b. Korea Financial Accounting Standards Interpretation 42-59, *Accounting for the Equity Method*
 - c. Paragraph 26, *Valuation of Investment Securities*, of Supplementary Accounting Standards for the Banking Industry
 - d. Paragraph 27, *Valuation of Investment Securities*, of Supplementary Accounting Standards for the Insurance Industry
 - e. Paragraph 27, *Valuation of Investment Securities*, of Supplementary Accounting Standards for the Securities Industry
 - f. Paragraph 11, *Investment Securities*, and paragraph 26, *Valuation of Investment Securities*, of Supplementary Accounting Standards for the Securities Investment Trust Industry
 - g. Paragraph 11, *Investment Securities*, and paragraph 26, *Valuation of Investment Securities*, of Supplementary Accounting Standards for the Merchant Banking Industry
 - h. Paragraph 9, *Investment Securities*, and paragraph 25, *Valuation of Investment Securities*, of Supplementary Accounting Standards for the Mutual Savings Bank Industry

- 45. If there are any conflicting provisions between this Statement and those of any other valid Korea Accounting Standards as of the beginning of the fiscal year in which this Statement is being applied for the first time, the provisions of this Statement shall supercede the conflicting provisions of the other Korea Accounting Standards. Examples are as follows:

- a. Korea Financial Accounting Standards Article 69, *Translation of Foreign Currency Financial Statements of Overseas Branches*
- b. Paragraph 15 of Supplementary Accounting Standards for Financial Holding Companies
- c. Paragraph 1, Clause 1, Article 8 (*Valuation of Investment Securities*) of Supplementary Accounting Standards for the Construction Industry
- d. Paragraphs 9c (*Application of Accounting Policies*), 14 (*Additional Purchases of Stocks of Subsidiaries*), 16 (*Application of the Equity Method*), and 19b (*Consolidated Statement of Cash Flows*) of Supplementary Accounting Standards for Consolidated Financial Statements

- e. Paragraphs 18 (*Application of the Equity Method*), 20b (*Combined Statement of Cash Flows*), and 22 (*Notes to Combined Financial Statements*) of Supplementary Accounting Standards for Combined Financial Statements
- f. Paragraph 6, *Grouping and Classification of Assets*, and paragraph 23, *Non-operating Revenues and Expenses*, of Supplementary Accounting Standards for the Banking Industry
- g. Paragraph 6, *Grouping and Classification of Assets*, and paragraph 24, *Non-operating Revenues and Expenses*, of Supplementary Accounting Standards for the Insurance Industry
- h. Paragraph 6, *Grouping and Classification of Assets*, and paragraph 24, *Non-operating Revenues and Expenses*, of Supplementary Accounting Standards for the Securities Industry
- i. Paragraph 6, *Grouping and Classification of Assets*, and paragraph 23, *Non-operating Revenues and Expenses*, of Supplementary Accounting Standards for the Securities Investment Trust Industry
- j. Paragraph 6, *Grouping and Classification of Assets*, and paragraph 23, *Non-operating Revenues and Expenses*, of Supplementary Accounting Standards for the Merchant Banking Industry
- k. Paragraph 6, *Grouping and Classification of Assets*, and paragraph 22, *Non-operating Revenues and Expenses*, of Supplementary Accounting Standards for the Mutual Savings Bank Industry

46. Retroactive application of this Statement is not mandatory for the accounting treatment of investments in associates that were held by the investor since periods before the fiscal year in which this Statement is being applied for the first time.

47. If the investor applies this Statement early, pursuant to paragraph 43, for the fiscal year that includes the effective date of this Statement, accumulated other comprehensive income (for example, changes in equity arising on application of the equity method) referred to in this Statement shall be presented as capital adjustments (for example, changes in equity arising on application of the equity method)

Adoption

This Statement was adopted by the unanimous approval of the seven members of the Korea Accounting Standards Board.

Chung Kee-young Chairman
Lim Suk-sig Vice Chairman
Kim Ui-hyung
Song In-man
Shin Yong-in
Lee Chang-woo
Choi Woi-hong

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PREV	SKAS No. 14 : Exceptions to Accounting for Small a...

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